BELLSOUTH

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August 20, 1996

EX PARTE

Mr. William F. Caton
Acting Secretary
1919 M Street, N.W. Room 222
Washington, D.C. 20554

Re: Ex Parte CC Docket No. 96-45, Federal-State Joint Board on Universal Service

Dear Mr. Caton:

The attached information is being filed in the above referenced docket as requested by members of the Joint Board Staff during a meeting with BellSouth on August 6, 1996.

In accordance with Section 1.1206 (a)(1) of the Commission's rules, two (2) copies of this notice and the attached information are being filed with the Secretary of the FCC today.

Sincerely,

Cynthia Cox
Executive Director, Federal & State Relations

cc: Deborah Kriete, Pennsylvania
Mark Long, Florida
Sam Loudenslager, Arkansas
Leigh Palagyi, Washington
Paul Pederson, Missouri

Question:
Which states in BellSouth's service territory require district-based or school-based technology plans and what is the enforcement power to accomplish those plans?

Response:
The attached matrix describes for each state whether a statewide technology plan is in place; whether the plan requires district-based and/or school-based technology plans; whether state funding is contingent on an approved plan and whether the state provides a model of technology deployment.

State Education Technology Plans

State	State Plan	State-Required District Plan	State-Required School Plan	Funding Contingency	Information Source	Model/ Standards	Implementation Year
Alabama	yes	yes	no	yes	Department of Education	?	1996
Florida	no	yes	no	yes	Department of Education	technology functionality plan	1996-97
Georgia	no	yes	yes	yes	Department of Education	under review	1994
Kentucky	yes	yes	?	yes	SREB files	school/classroom model	1992-93
Louisiana	ready for approval	recommended under L.E.A.R.N.	recommended under L.E.A.R.N.	no	L.E.A.R.N. director; Goals2000 planning	-------	1996-97
Mississippi	yes	yes	no	yes	Ms. Master Plan for Educ. Technology	school/classroom model	1995
North Carolina	yes	yes	no	yes	Department of Education	?	1994-95
South Carolina	yes	no	no	no	Department of Education	-------	1995
Tennessee	yes	yes	no	yes	ConnecTEN Project	district-wide functionality model	1993-94

QUESTIONS ON SECTION 254(h)

A. Questions from Joint Board:

1. How does the funds-to-schools (FTS) approach meet the statutory requirement of Section 254(h)(1)(B) which specifically uses the term "discount"?

Under the FTS approach, a school or library would have universal service funds available to it which could be used to obtain telecommunications services for which it has made a bona fide request "at rates less than the amounts charged for similar services to other parties." This, indeed, is the meaning of "discount" in Section 254(h)(1)(B).[1] The non-discounted rate for the service (and at which the rate would be made available to other customers) would be determined by tariff, from a competitive bid process, or pursuant to other contractual negotiations. Unlike other customers, however, the school or library would be able to apply part or all of the amount of its allotted universal service support dollars to obtain the service at less than that tariffed, competitively bid, or negotiated rate. Thus, the school or library would be obtaining the service at rates less than such service is made available to any other customer obtaining the service at the tariffed, bid, or negotiated rate, as applicable.

Section 254(c)(3) authorizes the Commission to designate the telecommunications services which are eligible for universal service support under Section 254(h)(1)(B). BellSouth urges the Joint Board to recommend and the Commission to adopt a flexible definition which recognizes that schools and libraries may have different specific telecommunications service needs, depending upon their current and future ability to appropriately use such services for educational purposes and the level to which their existing telecommunications systems have already been developed and incorporated their programs and curricula. At the same time, the Joint Board and the Commission must recognize that the definition under Section 254(c)(3) need not and should not encompass an unlimited quantity of services or an unlimited amount of support. Thus, BellSouth urges the Joint Board and the Commission to specify that the telecommunications services designated under Section 254(c)(3) would be those telecommunications services for which the school or library can make a bona fide request and can incorporate into a legitimate educational technology plan (as determined by the appropriate state or local entity), with the maximum dollar amount of federal support under Section 254(c)(3) as sized by the Commission.

The amount of the allotted universal service support actually made available to each school or library under Section 254(h)(1)(B) would be determined by the Commission, for interstate services, and by each state, for intrastate services, with the maximum combined amount as determined by the Commission under Section 254(c)(3). The Commission and the states could each exercise their authority under Section 254(h)(1)B) by permitting schools and libraries the flexibility to apply the amount their allotted support to the degree they desire to those services included under the Section 254(c)(3) definition which best meet their needs. If a state desires to provide universal service support over and above the cap established by the Commission pursuant to Section 254(c)(3), or to establish additional definitions and standards, it could do so but only if it met the requirements of Section 254(f) by adopting "additional specific, predictable, and sufficient mechanisms to support such [additional] definitions and standards that do not rely on or burden Federal univesal service support mechanisms."

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[1] Section 254(h)(1)(B) refers to these as the equivalent. For instance, the obligation of the telecommunications carrier is to provide the service "at rates less than the amounts charges for similar service to other parties," and the immediately succeeding sentence refers to the amount of the rate differential as "the discount."

Question:
What has BellSouth learned from education focus groups in the southern region about issues of universal service?

Response:
BellSouth requested the BellSouth Foundation to convene focus groups and invite educators from various education segments to discuss six issues related to universal service. The discussions have been summarized by BellSouth and also by the independent facilitator who conducted the meetings. Separate summaries are attached.

Universal Service -- Opportunities for K-12 Schools: Discussions with Educators in Four Southern States:

Background:
In June and July of 1996, the BellSouth Foundation, in partnership with statewide education non-profits in four states, invited educators to discuss six issues fundamental to universal service under the Telecommunications Act of 1996. The invitation represents a commitment of the Foundation to engaging local educators in public policy discussions about education. The results were shared with corporate managers to supply insight into the interests of educators in the region. Participants also were advised about how to contribute directly to the regulatory process.

Telecommunications Act requires that telecommunications be made "affordable" to elementary and secondary schools as part of a new definition of universal service. Questions posed at the four meetings were designed to lead to a better understanding of the needs and expectations of local schools about telecommunications services, their internal operations, and the roles and responsibilities of various levels of administration.

Each of the four groups was comprised of an identified segment of the professional education community: district superintendents, local school board members, teachers and principals, and technology coordinators at the school or district level. Introducing the meetings, BellSouth managers presented an historical perspective of the Telecommunications Act of 1996 and a framework of the regulatory proceeding to address universal service. The two-hour discussions were facilitated by a consultant from MGT of America, Inc. in Tallahassee, Florida, a former state director of education technology. Responses to each of the six questions are summarized below or described through specific quotes or paraphrases.

Discussion Questions: Universal Telecommunications Services and Education

BellSouth Summary of Notes:
1. What telecommunications services are you using today? And what are you planning to use in the near future? Of these services, which do you consider the highest priority?

Participants described current access to cable and satellite, and increasing network capabilities within and among schools. While some spoke of fiber networks and Internet access, all acknowledged "enormous disparity among schools" in their use of telecommunications and technology.

Future plans were described as largely dependent on funding. Various districts had succeeded in finding funds through federal grants, bond issues, sales tax referenda, and lottery proceeds for hardware and networks, but most expressed frustration at the recurring costs of high speed, high bandwidth transport services, regardless of the provider.

The educators' priorities for the future predominantly were interconnectivity among classrooms and schools, and Internet access between home and school for teachers, students and parents. Other strong interests were: voice services in the classroom, voice mail and hot lines, internal e-mail and connectivity to the community, video conferencing, and beepers for staff.

Within the conversation on telecommunications services and plans for the future, educators spoke about concerns for achieving their plans. They cited the following as barriers:
- recurring costs of transport
- replacing the obsolete hardware now in place
- affordability of new hardware to extend the access to all students
- greater electrical capability required by new systems
- technology planning at the school and district level
- training needs of teachers and staff

One myth was dispelled about teacher use of technology that gives us great expectations for accelerating the education impact of technology in the future. In the words of one participant: "Fear is no longer the greatest impediment toward getting teachers to use technology; it's time." If the public sector can reorganize schools to give teachers time to train, technology will finally realize its potential to raise student achievement.

2. How do you currently determine the budget for telecommunications services?

Participants generally indicated that the budget for telecommunications services was constrained by two things: recurring costs that were "new" to the budget, and the historical attitude that "telecommunications budgets can be cut, but other parts of the budget cannot, -- especially staff."

Participants perceive a lack of public commitment to technology in the schools that would support budget increases. Some districts have used bond issues or sales tax

referenda to fund hardware, but telecommunications services are part of the general operating budget and get less priority.

Some participants noted how early gifts of technology from PTA's, businesses, or grants were accepted without a clear understanding of associated ongoing costs. Schools that received interactive video studios and access have not found the impact sufficient to justify the monthly charge. Likewise, the cost of technology doesn't always reflect the associated need for additional expenditures for software, maintenance, training, etc.

When the issue of "reallocation" of funds from other budget accounts was raised, some participants felt that more could be done to assign various technology costs to accounts for materials and supplies, maintenance, etc. Because technology and telecommunications are being used to achieve instructional purposes, not just administrative needs, reallocation of funds might be a method to find additional funds for telecommunications and technology, rather than identifying them as "new" budget requirements.

3. If the universal service fund is used to reduce the gaps between telecommunications "haves" and "have nots," what criteria should be used to determine where the need is greatest?

Participants in all groups called for a definition of telecommunications "haves," noting that "have not" schools could be more easily identified if there were a common agreement on what minimum level or model of technology we want all schools to achieve. They did not mind "haves" getting funds if the "have nots" are brought up to a certain defined minimum that is adequate as well as equitable.

Participants also observed that "have not" schools were not necessarily the result of lack of funds. They pointed out that "have not" schools could also result from lack of educational leadership, lack of taxpayer/community commitment, lack of infrastructure for access, and other factors. These problems relate to each other. Poor facilities do not attract strong leadership, and leadership helps to motivate parents and communities to invest more in education. Because lack of technology was not always due to lack of funds, participants called for some accountability of recipients of universal service funds to adhere to a plan and to define results they expect to achieve.

Participants also wanted assurance that those schools or districts that had sacrificed or taken risks to deploy technology would not be punished by having a more limited access to subsidies under universal service. One noted that "sparks come from the 'haves' who push the frontiers" for all of education.

Most groups also recognized that financial support for telecommunications services did not guarantee that schools could support the hardware, software and training budgets that would make those services functional and effective. One participant described them as

the "hardware infrastructure" and the "staff development infrastructure." Again, they suggested that schools should demonstrate their commitments to these local investments as part of their eligibility for receiving universal service funds. Another issue of equity was the distance sensitivity of some services that make rural schools especially vulnerable to higher costs.

Comments on criteria to determine need focused on size and ability to pay. Participants did not agree to use size of school as a criterion. They did agree that careful attention should be paid to the ability of a district or state to tax itself, and the commitment of the local government to education in relation to other public interests.

4. Should telecommunications services be discounted or should schools receive an allocation of funds to spend on designated services? How would you determine an appropriate discount or allocation to make services affordable? How do you assure equity through either method, or another process altogether?

The initial responses to the discount vs. allocation question varied, but so did the subsequent conversations. While some groups preferred discounts, others preferred allocation, and some groups had mixed opinions. Some participants started off thinking that discounts were preferable, but changed their opinion after discussion to believing that allocation of funds provided more potential merit and benefits for schools.

Comments are instructive:
* Allocations allow schools to get started where (the value of) a discount depends on the local investment already made.
* Allocate services, not funds or discounts; avoid paperwork and handle at a higher (district or state) level. Get all schools to a basic service level first, then work on moving all schools to the next level. Give incentives (allocations) to schools to meet minimum level, then give discount for next level of services (advanced).
* Like the allocation of funds concept, but want a formula to provide equipment and training too.
* Have to commit to adequacy as well as equity. There needs to be start up equipment.
* Discounts or free service eliminate the paperwork. Allocations may create paperwork.
* A disadvantage of the discount methodology is that it will require a way to handle current consortia that have been built on volume-based negotiations with organizations that don't qualify as recipients under the universal service.
* The real cost of providing education technology in the future is the cost to the provider of providing infrastructure access to the school, not in the equipment at the school level.
* If the discount methodology is selected, discounts of less than 100% (partially contributing to the cost of the service) benefit schools by forcing them to match their desire for the service with their intent to use the service.
* New service volumes (demand), based on wiring direct to classrooms, and access to home markets, should make prices go way down and make services more affordable anyway.

* Affordable flat rates, in place of usage sensitive rates, are a viable alternative to requiring discounts.

5. What factors should be used to determine a "bona fide" request for universal telecommunications services? What other factors, if any, need to be in place for a school to take advantage of resources from the fund?

Uniformly, the four groups concurred that schools and/or districts should provide technology plans that demonstrate the schools' capacity to use the services effectively. Some participants acknowledged that technical assistance would be needed to help some schools prepare sound plans. In many states, technology plans already are required at the school or district level, therefore no additional burden is created for schools.

Elements of a sound plan would include staff development (time and training), a curriculum and instructional plan, district support for schools that need planning assistance, sources of funds for other elements of technology plan, and relationship of the technology plan to an overall school improvement plan.

Other elements of a plan that were identified were: accreditation, community involvement, teacher involvement, and approval by the district or state agency. Put more succinctly, one participant described the need for schools/districts to provide evidence of: (1) being a legal entity, (2) their capability to deliver, and (3) their probability of sustaining the effort.

6. How much autonomy should schools have in requesting telecommunications services? What is the role of the district, state, or other entities?

Schools should maintain the same level of autonomy they currently have to purchase services. In most cases, individual schools work through their district offices to order and receive telecommunications services.

There was contention over whether the application and technology plan should be "approved" by the district only, or by the state education agency as well. Most participants recognized the desirability of schools being able to access other schools both within and across districts, and the efficiency of connecting schools to district offices and state agencies. Interconnectivity would require technology standards that could be set at the state level.

Facilitator Summary of Notes.

Attached is a summary of discussions with the education focus group participants provided by the facilitator from an outside consultant firm.

Focus Group Discussion Questions
relating to
Universal Telecommunications Services and Education

1. **What telecommunications services are you using today?**

   The two telecommunications services most frequently mentioned were internet access and distance learning. Most everyone expressed the view that it was critical that schools have Internet access in the classroom; students without it were going to be extremely disadvantaged. Distance learning, of course, took several forms: satellite delivered, video conferencing via land lines, and courses offered via the Internet.

   There was some mention of the regular old telephone, a device that teachers were beginning to see in their work areas--a novel (and extremely positive) change to most of them. Telephones certainly are going to become much more prevalent in schools, a rather significant, but little thought of, part of the expansion of telecommunications services to schools.

   The few that understood the significance of this, i.e., that a service had to be an agreed upon basic or advanced service in order for it to be acquired using the universal service funding mechanism, urged that <u>all</u> services be covered.

   And what are you planning to use in the near future?

   Most everyone who commented about what they would be doing in the future said that Internet access was the primary service they were trying to arrange for their schools. There is little doubt that this is going to be the predominant area of emphasis for the next 2-3 years.

   Of these services, which do you consider the highest priority?

   From the discussions it is clear that Internet access currently is the highest priority service.

2. **How do you currently determine the budget for telecommunications services?**

   Participants identified a variety of funding sources for telecommunications services. Since such services are generally operational expenses, most are covered from the general fund. Several reported a recent successful bond or tax referendum which had provided funds primarily for the infrastructure that would support telecommunications. Frequently participants indicated that a common way schools acquired funds for technology and/or telecommunications resources was

through grants and/or donations. In fact, some said that without grants, many schools would have very little or no money for technology.

As for how they currently determine the budget for telecommunications services, that is largely dependent upon the resources available to them. Generally, school districts must allocate 80-85 percent or more of their budget to salaries, meaning they have little left to cover all the other costs of schooling. Given the limited discretionary funds available, technology is often funded only if there is a high level technology "champion" who is able to influence the budgeting process. The actual amounts budgeted depend upon the degree to which its advocates can convince the policy makers that technology can improve student learning.

3. **If the universal service fund is used to reduce the gaps between telecommunications "haves" and "have nots," what criteria should be used to determine where the need is greatest?**

   It was surprising that not a lot of specific suggestions came when this issue was discussed. In the meeting of superintendents in Atlanta there was some discussion of using Title I criteria. At the meetings that followed, I don't think it was mentioned again.

   Some participants commented that school districts should be the ones that determine whether a school is a "have" or "have not" and be assigned the responsibility to allocate funds appropriately.

4. **Should telecommunications services be discounted or should schools receive an allocation of funds to spend on designated services?**

   The reactions to this question were definitely mixed. In one meeting (Orlando) the participants were decidedly in favor of discounts. In another one (Jackson) most people favored an allocation of funds. Within the other meetings the opinions differed. The bottom line was that there were advocates for both forms of support for schools.

   How would you determine an appropriate discount or allocation to make services affordable?

   Most frequently the "free" rate was mentioned, although most folks recognized that "free" wasn't too likely. Other than these comments, there was not any talk of how to determine specific discounts or amounts to allocate.

   How do you assure equity through either method, or another process altogether?

   Again, there was not much comment about how to assure equity.

5. **What factors should be used to determine a "bona fide" request for universal telecommunications services?**

The K-12 educators who attended the focus group sessions, were much more stringent about what should constitute a "bona fide" request than those who crafted the Telecommunications Act. While I believe Congress simply wanted to be sure a requesting school complied with the criteria outlined in the legislation, the focus group participants wanted to incorporate more stringent requirements. For example, many of them contended that no school should get any funds to support telecommunications unless they had a technology plan. In other words, to qualify as a "bona fide" request, a school must have a technology plan.

Another opinion expressed by several participants was the notion that a plan alone was not enough. In order to be a "bona fide" request, a school must have a plan and some amount of committed funds to ensure successful implementation of the telecommunications initiative.

What other factors, if any, need to be in place for a school to take advantage of resources from the fund?

In addition to a plan, a school must have the concurrence of its school board before it can access universal service funds. As responses to the next question illustrate, there were strong feelings that schools should not unilaterally request telecommunications services.

6. **How much autonomy should schools have in requesting telecommunications services?**

If there was one thing just about all participants were in agreement on, it was that schools should not be able to request telecommunications services independent of their district. While it was not necessary that districts make the request for their schools, when a school made the request, they should not be allowed to obtain the services unless they could document their district's approval of their request.

What is the role of the district, state, or other entities?

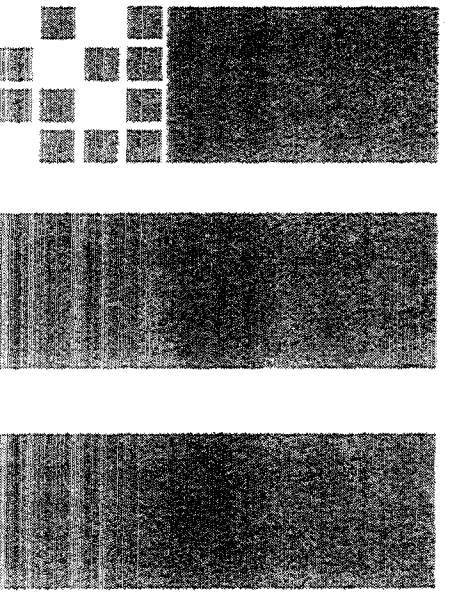
As indicated above, the district does have a role to play. Generally it is one of coordination. School plans need to be consistent with district plans and districts need to be cognizant of school requests for telecommunications services.

There was little discussion of the role of states. While there was not a problem with states being involved, there was not a clear idea about how that might occur.

Question:
What examples can you provide of telecommunications services being provided to the classroom level?

Response:
The attached report, Supporting Student Success: BellSouth's Commitment to Education 1991 -- 1995, provides a summary of BellSouth's support for education over the last five years. During this time period, BellSouth has responded to education planning needs by offering over $136 million in savings on telecommunications services through discounts for classrooms and education institutions. As additional information, also attached are copies of state tariffs offering discounted exchange service to classrooms for education purposes.

Supporting Student Success



BellSouth's Commitment to Education 1991 - 1995

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INTRODUCTION

BellSouth's support for education over the last five years is valued at $239 million. Since 1991, BellSouth and its operating divisions have contributed over $103 million in cash grants, in-kind products and services, and volunteer time to support elementary and secondary education. In addition, BellSouth has responded to state education planning by offering over $136 million in savings on telecommunications services through discounts for classrooms and education institutions. The combination of direct and indirect support to education has increased annually from $27 million to $80 million as information services are becoming fundamental tools to student learning

Education customers are primary beneficiaries of BellSouth's emphasis on improving and growing its network. BellSouth is in the forefront of deploying the infrastructure necessary for information services to be available to students in their schools and homes. During the five year period of this report, BellSouth has added 1.2 million fiber miles for a total of 1.7 million miles; increased the percentage of access lines equipped for Common Channel Signaling System from 59% to 99%; and increased access to Basic ISDN from 7% of access lines to 83%. Throughout the near future, BellSouth anticipates spending approximately $3 billion annually for growth, plant replacement and modernization of its network.

BellSouth's commitment to education seeks to improve not only the community where customers and employees live and work, but also the business operations of BellSouth. We depend on schools to develop a competent workforce that can continue to learn and adapt to new technologies and new workplace strategies. Education is also a growing market for BellSouth both through traditional education institutions like schools and colleges and, increasingly, through home-based and community-based learning. Thus, BellSouth's involvement in education is driven by the belief that the company's future is entwined inextricably with the educational opportunities of all citizens, particularly those in the communities and states where we provide telecommunications and information services.

THE NEEDS OF EDUCATION

The company's involvement with education is built around three beliefs: 1) student success is directly related to the capacity of educators, schools and communities to support student learning; 2) global competition requires fundamental changes in our system of education, including the relationship of business and employers to schools; and 3) information technologies are critical tools for learning. Thus, when BellSouth examines its support for education, it categorizes that support into five needs related to these beliefs:

- **Technology products and services:** Includes direct contribution of BellSouth–provided telecommunications services, new and used equipment, evaluation of education impact of technologies, professional consultation, design and planning, service discounts for education, etc.

- **Educator support:** Includes professional development for teachers and principals; technology demonstrations; workplace internships; innovation grants; recognition awards, etc.

- **Direct student support:** Includes scholarships and awards; instructional support such as Junior Achievement, video and printed classroom materials; tutoring and mentoring; workplace learning; field trips, career awareness presentations, etc.

- **Leadership and advocacy:** Includes corporate representation on commissions, boards, task forces; sponsored conferences; media promotion of education; policy research and dissemination; etc.

- **Other institutional support:** Includes unrestricted grants; other program grants, non-academic support; capital support; association and non-profit organizations; etc.

BELLSOUTH PROGRAMS FOR EDUCATION

BellSouth's support for education is a shared commitment of the major divisions of the company, including divisions for local telephone service, cellular services and advertising and publishing. Primary beneficiaries have been the nine southern states where BellSouth Telecommunications has operations, but, increasingly, the other subsidiaries provide corporate support for education in the U.S. communities where they provide service and have significant numbers of employees. Education support is delivered through three primary means: corporate programs sponsored by a company division or headquarters, the BellSouth Foundation, and the BellSouth Pioneers. Implementation requires paid corporate staff and employee volunteers as well as monetary and in-kind resources of the company.

Corporate Programs that are sponsored by a company division or headquarters vary from community-minded responses to local needs, such as a mentoring program or school/business partnership, to state-wide or corporate-wide strategies that target specific education results, such as the Tennessee Governor's Study Partners and the South Carolina All-State Academic Team, or TechKNOWLEDGEy, an annual regional conference for educators. Company programs also include internal partnerships that integrate the company's business interests with the interests of education such as distance-learning trials and school-to-work transition programs.

The BellSouth Foundation is an endowed trust devoted exclusively to the improvement of education in the South. During the previous five years it has awarded $14.5 million in grants to 140 school districts, colleges and education organizations. Committed to innovation and education reform, the foundation's typical grant is almost $100,000 and extends over 2-3 years. BellSouth recently increased the foundation's endowment with a gift of $14 million from 1995 corporate earnings.

The BellSouth Pioneers is a non profit organization which engages telephone company employees in community service in the nine southeastern states. Almost 100,000 active and retired employees commit over 8,000,000 hours of service and raise over $25,000,000 annually, much of which supports local schools. In concert with the strategy of its national organization, the BellSouth Pioneers recently selected education as its top priority for community service and agreed to help raise $50 million for an education endowment.

Any accounting for support from BellSouth organizations to education will fall short of a true total for two reasons. First, BellSouth's commitment to develop its network infrastructure in the southern states has provided the company significant opportunity to pursue education applications which are hard to disaggregate into business and charitable interests. Second, community involvement is so much a part of the culture of the company and its employees that many in-kind services are not noted as "programs" or contributions. Thus, information in this report represents corporate and volunteer commitments recorded through budget and planning documents and local performance reports. Charts include the following information:

Chart #1: Research and Pricing Support.
A five year summary of BellSouth's support for development of education applications and discounted pricing of telecommunications services.

Chart #2: Five-Year History of Program Support.
A history of BellSouth's total support for education in each of five categories over the past five years.

Chart #3: Program Support by Type.
An itemization of BellSouth's five years of support according to cash gifts; in-kind products and services; and volunteer time through employees and BellSouth Pioneers.

Chart #4: Program Support by Operating Divisions. Total support by year from each major BellSouth operating division.

IMPACT OF BELLSOUTH SUPPORT

The road to personal success often has been described as the road of learning and formal education. In the past, instruction most often came from books; increasingly, it comes from the information highway which gives access not only to the content of books but to unpublished research, current data, artifacts, experts, and peers who share interests.

The building of the infrastructure is an essential component of BellSouth's commitment to quality service. It also gives the company the ability to work together with education, community leaders, and government to develop applications to meet their needs and interests. BellSouth has continuously invested in trials, evaluations, and materials related to education usage that will help make the information highway the road to personal success. Beyond technology, BellSouth's support for students, educators, and education reform helps the company understand the needs of education and strengthens the education system to achieve its goals.

An example of BellSouth's commitment is the North Carolina Information Highway project. This broadband network will be characterized by high-speed, high-capacity, multi-media information movement and management capabilities known as Asynchronous Transfer Mode (ATM), and the most advanced and reliable transport technology called Synchronous Optical Network (SONET). The North Carolina Information Highway will connect more than 3,400 sites.- public schools, hospitals, libraries, community colleges, universities, law enforcement centers, courthouses, prisons, and local and State government locations - in all 100 counties of the State.

The purpose of BellSouth's comprehensive involvement in education is to increase student achievement by improving schools and communities, thereby promoting economic development within its region. The significance of this assistance is not just in the aggregate dollars or hours that are contributed but in the nature and impact of the support that is provided. To demonstrate the breadth and depth of BellSouth's involvement with students and schools, exemplary programs have been described in three exhibits according to the five categories of need:

- telecommunications products and services;
- educator support;
- direct student support;
- leadership and advocacy; and
- other institutional support.

Each program description includes the number of individuals or institutions that received benefit and an approximate cost of the program. The exhibits include:

Exhibit #1: High-Impact Programs: Describes for each category of support specific programs or services that represent significant financial commitment and influence the lives of large numbers of students.

Exhibit #2: Focus on Equity: Describes local programs that focus intensive volunteer resources in conjunction with corporate resources to achieve special impact on minority, disadvantaged or disabled students.

Exhibit #3: Partnerships: Describes programs of the company that provide significant mutual benefit to the company and to students/schools and demonstrate the systemic relationship between business and education.

BellSouth's support for education reflects a strong belief that business and education are part of a mutually beneficial system. Education must develop effective citizens to preserve our social and political system, capable employees to staff our companies, and literate customers who value our products and services. Business must provide education with knowledge about the skills, careers, and expectations of the workplace, and with products and services that meet students' and educators' needs. The products and services of BellSouth are essential to the task of our schools. BellSouth, its companies, and its employees are committed to a systemic involvement with education that will assure success for all of us.

CHART #1
RESEARCH AND PRICING SUPPORT
($ Millions)

	1991	1992	1993	1994	1995	Total
Marketing Support	0.2	0.6	0.6	0.7	0.4	2.5
Distance Learning Trails	5.4	4.4	3.2	2.9	0.6	16.5
Potential Savings From Discount Pricing	10.1	11.7	23.6	39.0	52.4	136.8
Total	15.7	16.7	27.4	42.6	53.4	155.8

CHART #2
PROGRAM SUPPORT 1991-95
($ Millions)

	1991	1992	1993	1994	1995	Total
Technology Products and Services *(includes pricing discounts)*	17.7	19.2	29.5	50.8	52.4	169.5
Support To Educators	3.6	2.5	2.7	2.9	1.0	12.8
Direct Student Support	2.8	3.6	4.4	4.3	6.2	21.4
Leadership And Advocacy	2.4	2.8	3.4	3.2	5.4	17.1
Institutional Support	0.7	0.8	0.9	0.9	15.4	18.7
Total	**27.2**	**28.9**	**40.9**	**62.1**	**80.4**	**239.5**

CHART #3
PROGRAM SUPPORT BY TYPE
1991-95
($ Millions)

Type of Support (Valued in $)	Cash Grants	In-Kind	Volunteer	Total
Technology Products and Services *(includes pricing discounts)*	2.7	165.9	0.9	169.5
Support To Educators	9.6	2.7	0.6	12.8
Direct Student Support	2.6	4.4	14.3	21.4
Leadership And Advocacy	7.9	8.6	0.6	17.1
Institutional Support	16.8	1.6	0.3	18.7
Total	**39.6**	**183.2**	**16.7**	**239.5**

CHART #4
OPERATING DIVISON SUPPORT
TOTAL VALUE
($ Millions)

	1991	1992	1993	1994	1995	Total
*BellSouth Corporation	5.86	5.46	5.93	5.95	**19.52	42.72
BellSouth Telecommunications	21.14	23.11	34.44	55.09	59.54	193.31
BellSouth Cellular	0.06	0.10	0.14	0.28	0.60	1.18
BellSouth Advertising & Publishing	0.17	0.26	0.42	0.75	0.73	2.29
Total	**27.23**	**28.93**	**40.93**	**62.06**	**80.36**	**239.50**

*INCLUDES BELLSOUTH FOUNDATION
**INCLUDES $14 MILLION GIFT TO THE FOUNDATION

EXHIBIT #1
EXEMPLARY HIGH-IMPACT PROGRAMS

TECHNOLOGY PRODUCTS AND SERVICES

School Bus Phones
600 school buses
$568,000

Over 600 buses in four school districts of Alabama enjoy the security of cellular phone service at the expense of BellSouth Cellular. Beginning in 1994, the company began a four year program to equip the buses with cellular phones and antennae. Priority is given to buses for handicapped and special education students and buses traveling through high crime or remote rural areas. The phones are preprogrammed for origination and memory dialing, making emergency numbers a simple one or two digit call. In addition to free equipment, BellSouth is providing free monthly service. Total value through 1997 is over a half million dollars.

Link to LANET
2335 schools & libraries
$6.4 mil/yr

BellSouth is providing over 2,000 private and public education institutions in Louisiana, including libraries and school boards, free installation, by their choice, of a SynchroNet or Megalink circuit from their location to the Louisiana Education Network (LANET). BellSouth also is providing reduced rates on monthly service charges. Students who are linked to the network will enjoy access to information, experts, teachers and peers who can enhance their learning and their knowledge of other people and places.

(*See Distance Learning Trials, Exhibit 3 page 3.1*)

EDUCATOR SUPPORT

Excellent Principals Program
500 school principals
$1.2 million

BellSouth's corporate priority of leadership development for senior managers supported the creation of executive training programs that were appropriate for the leadership development of school executives as well. For six years BellSouth provided over 500 principals, primarily from middle and high schools in 14 southern cities, with a week-long professional development experience that equaled the programming offered to company executives. Principals participated with BellSouth executives in programs provided by national experts and received private consultation on personal leadership surveys. External evaluations revealed significant impact on the attitudes and practices of principals for three years following participation.

Teacher Mini-Grants
2,000 teachers
$600,000 and Grant-writing seminars

To support the innovative instructional ideas of classroom teachers, BellSouth has offered small grants of up to $500 on a competitive basis to teachers in selected cities in its 9-state operating territory since 1990. Teachers also could attend grant-writing seminars conducted by professional fundraising consultants to support their fundraising efforts with BellSouth and other funders. In recent years, the company gave priority to grant requests that were directed toward more effective use of technology in the classroom.

EXHIBIT #1

Discounts for Educators
Florida public school educators
$1.3 million

BellSouth Mobility not only provides a special rate on cellular services for education institutions in Florida, it also agreed to a discount on personal service in support of teachers and other employees of school districts in the Jacksonville area. Since 1990, BellSouth Mobility has seen a doubling of participation every two years. Almost 1600 subscribers are expected to participate in 1996. The value to the school employees over eight years is estimated at $1.3 million.

DIRECT STUDENT SUPPORT

Cyberculture Video
2 million students
$123,000

The rise of information technologies used by young people raised questions and concerns about their understanding of the ethics and laws related to the use of videos, electronic games, computer software, and on line services. To support schools and teachers in building values about such issues, BellSouth developed **Cyberculture**, a video with teacher's guide that uses recognized rock musicians to explain concepts of copyrights, privacy, etc. to students. The video was geared to middle school aged students. Every middle school in BellSouth's nine southern states received a free copy of the video tape and teacher's guide.

Educational Videos
Primary, middle and high schools
$370,000

BellSouth has developed educational videos around communication and telecommunications themes that are available to schools for the cost of duplication and mailing ($10). These videos include **Phone Manners TV** for grades K-5, **Discover Your Own Song** for grades 8-11, **911 Teen** for grades 6-8, and **911 Man** for grades K-3. Local BellSouth community affairs staffs also purchase the videos for distribution to schools.

Junior Achievement
41 communities
$700,000 over 5 years

Through financial resources and employee volunteers, BellSouth supports Junior Achievement in expanding the knowledge of young people about our economic system. Forty-one communities in BellSouth's telephone operating territory claim over 700 BellSouth volunteers, causing JA to claim BellSouth as one of its best supporters. Local contributions amount to over $100,000 annually and BellSouth contributed $200,000 for the development of the K-6 JA curriculum. BellSouth's commitment to JA is augmented by the recently signed partnership between JA and the Telephone Pioneers of America.

EXHIBIT #1

LEADERSHIP AND ADVOCACY

Parents are Teachers, Too
Employees and Schools

In support of parents' roles in teaching their children and supporting the instructional efforts of schools, BellSouth developed publications that are available free of charge to employees and schools throughout the nine states of BellSouth Telecommunications. Parents of pre-school and elementary-aged children can use **Parents are Teachers, Too** for information on everything from healthy "on-the-go-breakfast" ideas, to how to recognize learning disabilities, to developing language, reading and math skills, to national help line numbers for other problems. **Midstream: Navigating the Middle Years with Your Child** is for parents of young adolescents looking for guidance on physical and social development, managing homework, and advocating for change in schools.

State Commissions, Business Advocacy Groups, and Task Forces

State presidents of BellSouth Telecommunications are actively involved in leading their states in education policy initiatives. The Mississippi president was the founding chairman of the Mississippi Public Education Forum in 1989, a business-led advocacy organization that works with the political leadership to improve education. The Georgia President, an executive committee member of the Georgia Partnership for Excellence in Education, since 1993, has led an annual bus tour of state dignitaries to over 20 cities to bring focus to the state's education goals and to recognize outstanding schools around the state. The Alabama president in 1993-94 served as a governor's appointee on a task force to recommend education reform legislation. The North Carolina president chairs The North Carolina Business Education Committee which is currently building partnerships of school districts, universities and business to develop total quality approaches in pilot districts around the state. Other officers serve on State Boards of Education and advocacy organizations such as the Institute for Educational Leadership and the southeastern education laboratory, devoting significant personal hours, staff time and resources to assure professional, quality approaches to education improvement.

OTHER INSTITUTIONAL SUPPORT

BellSouth Foundation
Southern region
$25 million in grants

In 1986 BellSouth created an endowed foundation devoted exclusively to the improvement of education in the nine southern states where BellSouth provides local telephone service. Over 10 years, the company contributed $49 million to the endowment. The foundation's support is aimed at long-term improvement efforts in pre-school programs through the university level. During its brief history, it has distributed over $25 million to 254 grant recipients. Since 1990, in addition to grantmaking, the foundation has hosted 8 regional consultations on key education issues and has published eleven research reports.